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FIRST COUNTRY COOPERATION FRAMEWORK FOR HONDURAS (1998-2000)

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INTRODUCTION

1. Because the first UNDP country cooperation framework for Honduras (1998-2000) was prepared during an election year, extensive consultations were held with the advisers to the candidates who took part in the elections. It thus reflects a consensus on the technical cooperation priorities of the current Government and of the one which will take office in January 1998. The research and the partial results of the joint analysis of the country's situation and of the national human development report were important inputs for the elaboration of this framework, which also reflects a process of dialogue and coordination with bodies of the United Nations system and the consultations held with international financial institutions, major bilateral donors, non-governmental organizations and organizations of civil society.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. The 1996 Human Development Report placed Honduras in the group of poorest countries with the lowest human development ranking in Latin America; its human development index stood at 0.576. The disaggregation of the national human development index by municipality shows that human development is low in nearly 60 per cent of the country's municipalities; this reveals deficiencies in terms of access to and opportunities for education, health care and adequate income and land, which, in turn, entail a lack of opportunities for young people (42 per cent of the population is under the age of 15) and for women, who are at a disadvantage. Likewise, many indigenous groups (which make up about 10 per cent of the national population) live in the parts of the country where the human development index is lowest.

3. The country's low human development indicators are a result of circumstances which have been accumulating over time, such as weak and insufficient economic growth, the political instability which characterized the country until the 1980s, institutional weakness and low rates of citizen participation.

4. Slow economic development and unequal income distribution have resulted in high levels of poverty. In the past 18 years, the average economic growth rate has been 2.8 per cent, which is similar to the population growth rate. Per capita gross domestic product (GDP) is estimated at $718 per annum (or about two dollars a day), which is barely sufficient to meet basic needs. The inequality of income distribution is illustrated by a Gini coefficient of 54.49 per cent, on average, for the period 1968-1993, with a minimum of 50 per cent and a maximum of 61.88 per cent.

5. As a result of the measures taken in the education sector, pre-primary school enrolment has increased. However, adults have an average of 4.8 years of schooling, with little difference between the sexes but large discrepancies between municipalities. Most workers, even in the public administration, have very little schooling. The low educational level of the poorest small farmers adversely affects the capacity to administer loans and incorporate new crops.

6. In recent years, significant progress has been made in the health-care sector and infant mortality has been greatly reduced. However, it will be necessary to increase coverage, improve efficiency and ensure adequate financing. The prevalence of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) is cause for concern (5,654 cases on record and 110,000 seropositive cases in 1996). The virus is propagated primarily by heterosexual transmission.

7. Women earn half or less than half of what men earn for the same job. Despite the progress made in the area of education, women's rate of labour-market participation is low (27 per cent). The total fertility rate is high at 5.2 children per woman, and is even higher in poor populations, where women also begin to have children at a very early age. Females make up 33 per cent of the population suffering from AIDS. Domestic violence and a legal and cultural framework which restricts equality of opportunity for women continue to represent serious obstacles for the female population.

8. The country has a wealth of natural resources; woods cover approximately 46 per cent of the territory, and the agro-forestry sector provides about 55 per cent of all jobs and generates 75 per cent of all exports. However, the inappropriate use of natural resources undermines the capacity for their natural regeneration. This has led to deforestation and to encroachment on fragile hillside lands in order to convert them into pastures for livestock, cultivate subsistence crops or extract firewood, which is the population's chief source of energy. Since the legal and institutional framework suffers from duplications and lacunae, and administrative and law-enforcement capacity is weak, existing mechanisms are insufficient to halt the degradation of natural resources.

9. Dependence on petroleum has increased to 30 per cent of the country's total energy consumption, while the hydroelectric potential has not been tapped. The development of industry and the increase in the number of vehicles are causing environmental pollution problems in the major cities. Even more serious is the contamination of water resources with coliform bacteria, organic material and chemicals. This is compounded by soil contamination due to agricultural practices which make excessive use of chemical fertilizers.

10. Since 1981, four elections have been held and new democratic institutions have been established (Office of the National Human Rights Commissioner, Attorney-General's Office and special prosecutors' offices, Public Defence System, voluntary military service and, recently, the civilian police). Organizations of civil society are beginning to play an important role in consolidating democracy and promoting sustainable human development. The democratization process is also reflected in the reduction of military expenditure, which represented 8 per cent of the national budget in 1990, and of current expenditure, which represented 3.4 per cent in 1996, or 0.7 per cent of GDP.

11. The Government's strategy for addressing poverty has been based on improving the management of economic policy and of public services, modernizing the State and instituting social compensation programmes.

12. With the second structural adjustment programme (SAP II), agreed upon with the World Bank in 1990, the agricultural-sector adjustment programme and other collateral measures, the country has sought to restore macroeconomic stability, increase public-sector efficiency, promote private-sector activity and eliminate insecurity in rural property rights. To offset the effects of the structural adjustment programme, social compensation and social investment programmes have been implemented, including production projects for urban and rural workers in the parallel informal sector of the economy.

13. The State Modernization Programme seeks to adapt the State and its agencies to the new orientations of economic and social policies. The most notable advances are the reorganization of the central Government's administration and the adoption of an integrated approach to improving the system of administering justice. The recently established Development Cabinet is made up of ministries in the economic and social spheres, assisted by a multidisciplinary technical team. This will make it easier to harmonize social and economic policies. With respect to the decentralization process for municipal development, the approval, in 1993, of the separate election of mayors represented an important step in the process of consolidating political autonomy.

II. RESULTS AND LESSONS OF PAST COOPERATION

14. In 1996, 43 per cent (approximately $176 million) of the Public Investment Programme was financed with external resources. Of the total external cooperation received by Honduras during the period 1991-1994, UNDP contributed an average of approximately 2 per cent, strategically utilizing resources to complement substantial contributions from the three main donor agencies (World Bank, Inter-American Development Bank (IDB) and United States Agency for International Development (USAID)), each of which contributed an average of about 20 per cent of total external assistance.

15. The fifth technical cooperation programme covered the period 1992-1996. In mid-1996, the Government and UNDP agreed to extend it for one more year so that the launching of the country cooperation framework would coincide with the new Government's assumption of power. The fifth programme comprised four areas of concentration: support for the economic modernization and social development programme; strengthening of production sectors and improvement of employment and remuneration; reform, modernization and decentralization of the State; and sustainable environmental development.

16. One of the major achievements of the fifth programme was its support for the democratization process, in which the neutrality and credibility of UNDP were decisive factors in strengthening the newly established democratic institutions and in carrying out experiments in citizen participation at the local level. These short-term support efforts should be turned into broader actions relating to public management, accompanied by an analysis of the future role and functions of the State.

17. Since the early 1990s, UNDP has supported environmental conservation and has strengthened institutions and raised political awareness in relation to the need to consolidate environmental protection strategies. In the future,

environmental issues must be closely linked to development issues, integrating the environment, human settlements, poverty reduction, increased productivity and gender issues, among others, within a framework of sustainable development.

18. UNDP support for social compensation programmes will need to be incorporated within a wider strategy of poverty eradication. The gender approach remains undeveloped and has been confined to marginal actions to benefit women.

19. The national execution modality initiated in the third programme for Honduras and strengthened in the fourth and fifth programmes has gained experience and flexibility, and has been successfully applied in the implementation of projects. The mid-term review of the fifth programme found that the national execution modality (used in 45.8 per cent of all projects) had helped to build national capacity and to achieve results faster and at lower cost. However, in the next cycle, several important factors will have to be taken into consideration in order to improve national execution: systematic training for national officials, closer supervision of projects and definition of instruments for improving project monitoring and assessment.

20. During the fifth cycle, UNDP-supported projects mobilized considerable resources from both government sources and international financial institutions and bilateral donors. Cost-sharing amounted to $37.7 million, which represents nearly four times the $9.5 million indicative planning figure (IPF) assigned to Honduras for the period 1992-1996.

III. PROPOSED STRATEGY AND THEMATIC AREAS

21. To maximize the impact and the sustainable nature of cooperation for the period 1998-2000, UNDP will adopt the following strategies: promotion; institution-building and capacity-building; catalytic financing of programme initiatives; promotion of full participation in society by a strategic group of women; and assistance in resource mobilization and in the coordination of cooperation. UNDP will concentrate on the following three interrelated programming areas: overcoming poverty; improved public administration; and promotion of sustainable development. Gender equity will constitute a main axis of these three thematic areas.

A. Overcoming poverty

22. UNDP will assist in policy promotion from a neutral position, as a provider of technical assistance, and will offer its experience in resource mobilization and in the coordination of cooperation. Resources will be oriented towards actions of promotion and institution-building for the definition of poverty eradication strategies, as well as specific programmes.

23. Policy promotion includes building consensus with government bodies, civil society entities, private enterprises and organizations involved in cooperation, for the purpose of formulating a strategy for overcoming poverty. It also involves institution-building in order to formulate, analyse and plan policies,

and the provision of technical assistance for the management of programmes and projects to combat poverty. An integral part of this support will be devoted to the preparation of national and local human development reports; this will enable disaggregated indicators to be used for measuring progress in sustainable human development.

24. Support for specific programmes includes: (a) cooperating with the technical office of the Development Cabinet; (b) cooperating in the formulation of projects financed by international financial bodies to increase the coverage and quality of educational and health services in poor communities, as well as supporting project execution; (c) promoting and supporting the provision to civil society organizations of information and services for human development; (d) in close cooperation with the Joint and Co-sponsored United Nations Programme on HIV and AIDS, providing technical assistance for the planning, management and execution of HIV/AIDS prevention programmes, and promoting new approaches to the issue, from a human rights perspective; and (e) demonstration projects at the local level for the purpose of increasing production and job generation in urban and rural small and medium-sized enterprises, with particular emphasis on women and young people.

B. Improved public administration

25. In this programme area, UNDP cooperation will seek to support measures for the strengthening of the democratic process and provide the necessary framework for sustainable human development. Actions have comprised three main components: reform and modernization of the State, transparency of public administration, and promotion of democratic ideas.

26. UNDP will continue to support the process of reform and modernization of the State, assessing the progress that has been achieved and promoting broad debate on the roles and functions of the State. Emphasis will be placed on the promotion of a favourable environment and on institution-building for the formulation of policies and programmes for overcoming poverty that reverse the trend towards inappropriate use of natural resources and promote gender equity, empowerment and the full participation of women in society. Particular support will be given to the strengthening of civil rights so as to promote participation by women in decision-making and a doctrine of unrestricted political participation. UNDP will cooperate in the creation of a national statistical system, which will be able to provide reliable inputs for the design of strategies to promote sustainable human development, and will provide technical assistance for the strengthening of statistical offices. In the judicial sphere, UNDP will continue to support the process of reform and strengthening of the judiciary through the training of judges, the improvement of public confidence in justice, and the coordination of cooperation. Also, through institution-building within the office of the Attorney-General, efforts will be made to contribute to the functioning of the recently created special prosecutors' offices (Ethnic Groups, Women, Consumers, and Environment). Where public security is concerned, support will continue to be given to the establishment of the civil police and the reform of the prison system. Further support will also be given to the process of local-government decentralization and improvement in local public administration, through mechanisms for

strengthening citizen participation, as well as the autonomy of local authorities, particularly their budgetary independence.

27. UNDP will assist in improving transparency in public administration, particularly by promoting the principle of accountability of public servants; strengthening of treasury inspectors' offices, including training; combating tax evasion and improvement of customs collection and oversight systems. The capacity of the media and of civil society organizations to promote democratic ideas will be strengthened.

C. Promotion of sustainable development

28. This programme area comprises four themes: support for policy formulation and for the legal and institutional framework, within a sustainable development approach; promotion of productive options within protected areas and consolidation of land-ownership rights; promotion of alternative sources of energy; and combating pollution. Actions in this respect will be of particular benefit to women, either through activities to improve their incomes, or through the establishment of mechanisms to alleviate their workload, provide free time, or improve their living conditions.

29. Support for policy formulation and development will be oriented towards seeking consistency between policy in the agro-forestry sector and the macroeconomic environment, and promoting production while employing non-polluting technology and making better use of energy resources. Also, support will be provided to strengthen the institutional capacity of the State to apply legal norms and fulfil its role in the coordination, regulation, audit and evaluation of policies, plans and projects.

30. Jointly with the World Bank and the Global Environment Facility (GEF), support will continue to be given to actions to reduce forest loss and preserve biological diversity, promoting productive choices which generate income and employment for the poorest sectors of the population. This support will strengthen the National Protected Areas System, the objective of which is to promote the economic exploitation of biological diversity and eco-tourism in the interests of the human settlements located in the buffer zone and to ensure the financial sustainability of the System. Modernization of the system for awarding land titles and of the land ownership register will also be supported, in order to assist in the development of a transparent market in land and forests. With regard to the energy subsector, alternative sources of energy will be promoted in order to achieve a more balanced energy supply; new options in the area of income and employment for the population, to reduce both deforestation and pollution, will also be encouraged. Regarding hydroelectric power generation, support will be given for the design, execution and evaluation of small hydroelectric energy projects. In addition, through government bodies and civil society organizations, support will be given to actions for the prevention and reduction of urban pollution in the country's six principal cities, as well as of rural and industrial pollution.

IV. MANAGEMENT ARRANGEMENTS

31. Execution and implementation. The national execution approach will be continued and strengthened, making the maximum use of national professional resources, for which the necessary training will be provided. Broad participation by civil society organizations will be sought at every stage of the programmes which are assisted by UNDP. The technical cooperation among developing countries approach (TCDC) modality, the services of United Nations Volunteers, and United Nations International Short-term Advisory Resources (UNISTAR) will also be used. To the extent possible, the programme approach will be used for UNDP project programming and execution, to maximize the effect of resources provided by the Government, other donors and UNDP. At the same time, UNDP will seek to obtain additional resources and know-how, both at headquarters and within GEF and the worldwide and regional network of UNDP offices, for the purpose of providing new perspectives and experiences in the area of sustainable human development. Also, complementarity with other regional and global programmes will be sought, within the framework of sustainable human development.

32. Use will also be made of instruments elaborated and supported by UNDP, such as the Human Development Report, the annual Report on Development Cooperation, and other studies and publications on the subject of sustainable human development. The first human development report for Honduras will be finished in 1997 and will be used to assess the level of human development in the country and to determine clearly the objectives of UNDP activities. The report will also be used as a tool for promoting sustainable human development, planning actions and measuring their results.

33. Monitoring and evaluation. An examination of the cooperation framework will be carried out every year, in order to measure progress, determine corrective measures and adjust the actions, with the participation of other bodies involved, the agencies of the system, and donors. The mechanism of tripartite review meetings and project monitoring visits will continue to be used. For large-scale projects, external evaluations will continue to be made. If those projects are loan-financed, UNDP will have to take part in the evaluation missions of the international financial institutions, in order to avoid duplication of effort.

34. Resource mobilization. The annex to this document indicates the amount of the resources to be administered by UNDP during the period 1998-2000, amounting to a total of $39,436,000. The resource mobilization strategy will be agreed with the Government, which will select other donors' programmes requiring UNDP cooperation for development support.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR HONDURAS (1998-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
IPF carry-over		
TRAC 1.1.1	4 438	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	These figures are presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages will also be subject to availability of resources.
SPPD/STS	388	
Subtotal	4 826[a]	
NON-CORE FUNDS		
Government cost-sharing	26 753	
Sustainable development funds GEF	5 675	
Third-party cost-sharing	369	
Funds, trust funds and other sources Fondo Español	1 813	
Subtotal	34 610	
GRAND TOTAL	39 436[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.